

The PRESIDING OFFICER. The Chair will do so.

### TAX CUTS

Mrs. BOXER. Mr. President, we are faced with a tremendous choice in America, and that is whether we want to continue with policies that led to an 8-year recovery of our economy which was flat on its back and go with those policies of fiscal responsibility and fairness and investment or go back to the days of what was called trickle-down economics, where the very wealthy got the most, the rest of us got very little, the deficits soared, the debt soared, our country was in trouble.

I represent, along with Senator FEINSTEIN, the largest State in the Nation. We have 34 million people. We had a recession that was second to none. It was the worst recession since the Great Depression. It took us a long time to come out of that. We had double-digit unemployment. We had a terrible situation. But because we followed, in this Government, finally, a policy of fiscal restraint, we got back on our feet and people have done very well. That is why this discussion about the proposed tax cut by our new President, versus the tax cut that will be supported by the Democrats, is such an important conversation.

Last week, President Bush submitted a tax cut plan to the Congress. It was not detailed, but it was a plan. It was like a brochure in which he laid out his vision of a tax cut. He outlined in it a \$1.6 trillion tax cut plan. I have to say, and I hope people will listen, this tax cut is not compassionate and it is not conservative.

We remember when President Bush ran he ran as a compassionate conservative. So we get his very first proposal—actually it wasn't his first. His first one was to interfere with family planning throughout the world and put a gag rule on international family planning groups that help poor women get birth control. But for this purpose, it is certainly his first fiscal policy. It is neither compassionate nor is it conservative. What do I mean by that?

First, it is not compassionate because it benefits the very wealthy instead of the 99 percent, everyone else; that is, those in the middle class, either lower or upper. It helps the very wealthy.

His plan is not conservative because it does not do the smart, conservative thing of being cautious with the projected surplus. I said "projected surplus." As Democratic leader DASCHLE has said, these projections are like the weather forecasts: Don't count on them because they change. They are not dependable. So the conservative thing to do is to have a rainy day fund, if you will.

Let me go into detail on why I say this plan is not compassionate. I have

told you it benefits the wealthy. Mr. President, 31 percent of all families with children would receive nothing. If you are among the bottom 20 percent of Americans in terms of income, you get an average cut of \$42. This is the way the tax cut of President Bush breaks down, and you tell me if it is compassionate. If you are in the lowest 20 percent of earners; that is, earning less than \$13,600, you will get an average tax cut of \$42. Let me make that even worse. The income range averages at \$8,600, so at \$8,600 a year, you get back \$42 in your pocket on average.

The next quintile is \$13,600 to \$24,400. That is an average of \$18,800 a year. They get an average tax cut of \$187.

A person earning \$31,000 gets \$453 back. If you earn an average of \$50,000, you get back an average of \$876. Between \$64,000 and \$130,000, you get back \$1,400. Then, if you earn an average of \$163,000, you get \$2,200, approximately. But hold on to your chairs. Hold on to your chairs. If you earn \$319,000 or more—the average income is \$915,000—you get back \$46,000 every year.

So how can anyone say that is compassionate? A person earning \$50,000 gets \$876 back. A person earning \$319,000, average \$915,000, gets back \$46,000. I don't know how anybody could say that is compassionate.

We are going to show you another way to look at what people get back because I think it is a startling thing to see. If you are in that wealthiest bracket, here is a beautiful new kitchen. It really is quite nice. You can get this kitchen for \$50,000. That is about what you would get back if you earned that \$900,000. It is beautiful. It has a granite top, wood; it is quite lovely—a new kitchen. But what happens if you don't earn that? You could afford a pan. It is a nice pan. What do we figure this costs? This is a \$200 pan. It is a very nice pan. But this person can get a kitchen; you can get a pan. This is not compassion, and it is not fair and it is not right.

Let's show some other examples. We had the Lexus and the muffler, and I thought that was good, but I thought we needed some more. Here is a beautiful swimming pool. We are told a swimming pool such as this costs about \$46,000.

With the Bush tax cut, when it phases in, if you are in that million-dollar range, you could put one of these babies in your house every year, by the way. But if you are at that bottom level, the bottom 60 percent, average that out and that is under \$39,000, you could get an inflatable bath tub.

How is that compassionate? How is that fair?

We have some more to show you. This looks pretty good. This is a yacht. According to our figures, \$45,000 gets you this yacht. It looks very good.

If you get \$1 million a year, you are going to get that kind of tax cut. But

if you are in the bottom 60 percent, you can get this little rowboat. I don't even know if you get the oars with it. This costs \$195.

Do we have any more of those? I think you get the idea. But we are going to show it to you in a different way.

If you are in that top bracket of 1 percent, which is the one that gets 43 percent of the benefits of Bush's tax cut, you get 43 percent of the benefit. Every single day when this tax cut is phased in, you get \$126. That is pretty good. If you are in the bottom percent with an average of \$30,000, you get 62 cents every day. This is another way to show how compassionate this tax cut is.

I figure we will make it even a little more stark for you. If you get back \$126 a day in a tax cut, you and your significant other can go to a beautiful restaurant, have a little candlelight, order the best in the house and a good bottle of California wine, I hope. It is pretty neat. If you are in that bottom 60 percent, it is tomato soup. There is nothing wrong with tomato soup. But it is not fair. This is not fair.

You say: Well, wait a minute. Didn't the President say the people at the very top pay most of the taxes? Yes. They are getting back 43 percent in the tax cut of George Bush. But don't they pay most of the taxes? Wrong. It is 21 percent of the taxes. The wealthy top 1 percent pay 21 percent of taxes. They are getting 43 percent of the benefit of the Bush tax plan.

I just cannot imagine how someone who runs as a compassionate person can come up with a situation where you can get a can of tomato soup if you earn \$30,000, and take your significant other to the restaurant every single night and eat out, not to mention the kitchen versus the pan, and all of the rest. No. This is not compassionate, nor is it conservative.

We see that this is done for a reason. The stated reason is we are going to stimulate this economy.

As I understand it, there was a hearing today on that. There is a lot of dispute about whether or not a tax break to the wealthiest people actually stimulates the economy. It was tried back in the eighties. Do you know what it stimulated? Deficits as far as the eye could see.

The next time I come out on the floor I will have some charts that show what happened to the deficit when trickle-down economics was the centerpiece in the 1980s. It was a failure, an abject failure. Do you know what trickled down? Misery, recession, and we had terrible unemployment. We were paying so much interest on the debt that we didn't have any money to invest in our people.

Yet we have a plan from someone who says he is compassionate and conservative that just will, in fact, set us

up for failure. If I have anything to say about it in this Chamber, I want to talk about it. And the Democrats are going to talk about it.

Do we want a tax cut? Yes. As CHARLIE RANGEL on the other side said, we want the biggest tax cut we can afford. Do we want to make sure the people who need that tax cut the most get it? Yes. That is the kind of proposal we are going to have.

In this particular proposal, the compassionate President Bush does not make the child care credit refundable. If you really are at the bottom of the barrel, you are earning maybe \$20,000, or even less, you don't pay any income taxes. You don't get any help with your child care. If we are going to give a child care credit, which a lot of us want to do, let's make it refundable so people can have that effect and ease the burden.

I have an interesting commentary I would like to read.

Mr. President, this is a Republican named Kevin Phillips. He is very respected. As far as I know, he has been a Republican all of his life. He is the editor and publisher of the American Political Report. He is a best selling author who worked for the Nixon administration. I want to stress that what I am about to read to you did not come from BARBARA BOXER, a Democrat from California, but it is coming from Kevin Phillips, a Republican who worked for the Nixon administration. I think he has some good credentials to criticize or comment on their Bush tax cut. Let's see if he thinks it is compassionate and conservative.

I am quoting every word directly from his editorial:

Although president less than a month, George W. Bush has already achieved a historic first. He has become the first president elected without carrying the popular vote, to propose a far-reaching giant tax-cut bill on behalf of his supporters and his big campaign contributors.

Parenthetically, let me note that Kevin Phillips is calling this Bush tax cut "a far-reaching giant tax-cut bill on behalf of his supporters and his big campaign contributors."

None of the three previous presidents elected without a popular margin, John Quincy Adams, Rutherford Hayes and Benjamin Harrison, had the temerity to try anything like this kind of revenue reduction. It hasn't bothered Bush, though. It hasn't stopped him that a majority of Americans cast their vote for the two candidates, Al Gore and Ralph Nader, who mocked his tax package. Indeed, both did more than oppose it. They argued rightly that it was a massive giveaway, and that 30 to 40 percent of the dollar benefits went to the top 1 percent of US taxpayers, to just one million families.

I am worried about the other 279 millions of families.

To quote Mr. Phillips further:

This is an illegitimate tax bill for two reasons. The first is that a president selected in Bush's manner has no mandate or standing to undertake such far-reaching legislation.

The second illegitimacy, which would tar this legislation even if it was offered by a president with a full claim to office, is the extent of revenue that it gives away—not at first, but as its \$1.6 trillion worth of provisions unfold over the next decade. That's more than a trillion dollars that future Congresses could spend on debt reduction, on payroll tax reductions, Social Security, education or prescription drug coverage.

Instead, these dollars will be spent by recipients in considerable measure on \$100,000 cars, \$5 million homes and \$10 million financial speculations. Indeed, one of the biggest individual tax giveaways is particularly ironic. Here I'm talking about the Bush proposal to phase out the federal inheritance tax, which in earlier days owed much of its introduction to a pair of Republican presidents picked by voters, not by a 5-to-4 Supreme Court decision, whose names were Abraham Lincoln and Theodore Roosevelt. To now end the inheritance tax, as opposed to increasing its exemption to \$2 million or \$3 million, threatens a cost not only in billions of dollars but in the weakening of American democracy.

In the wake of the American Revolution, George Washington, Thomas Jefferson and many others agreed that U.S. law would and did end the British legal provisions that allowed the great landed estates to descend intact from generation to generation. The new United States would not, they say, have an aristocracy of inheritance.

The Bush tax bill raises exactly that prospect. It threatens to perpetuate the \$8-trillion wealth buildup of the 1990s through a new aristocracy of inheritance on a scale that Washington and Jefferson could never have imagined. For such a proposal to come from a President who owes his own office to inheritance rather than popular election is the crowning illegitimacy of them all.

This is tough stuff. This is tough language. This is tough criticism. It is given by a Republican who cares about a number of things, being conservative and being fair.

The PRESIDING OFFICER. The Senator has 5 minutes remaining.

Mrs. BOXER. I thank the Chair.

I hope everyone will look at that Kevin Phillips commentary I just read into the RECORD. It is very instructive.

I have told my colleagues why this is not a compassionate tax cut. It ignores 99 percent of the taxpayers, essentially, and gives almost everything, or way too much, to the very few of the wealthiest people in this country, the biggest break going to those who earn close to \$1 million a year.

Let me tell my colleagues why it also is not compassionate. It is so large, it is so big, it is so huge, there will not be enough left over for the things we need to do to protect Social Security so that these kids who are Senate pages now will have a Social Security system, to add a prescription drug benefit to Medicare that everyone seems to want. We don't have the money for that. To really invest in education, in early education, in after school, in school construction, and in smaller class sizes, we are not going to have money for that, nor to clean up our environment, to fix up our parklands—we could go on—to have a decent air traffic control system

that is safe. It is not compassionate because it takes from that.

What about it not being conservative? That is something we have to talk about. The fact is, not only will we not have money for the priorities the American people want, but the plan leaves nothing to pay down the debt over the long run. That is not conservative. Show me one family who does not think about a rainy day: Gee, honey, what if something goes wrong next year? Maybe we should save a few dollars. Gee, I am a little worried, Tommy doesn't look so great. Maybe we need to spend a little of our savings on a second opinion and take him to a doctor outside the HMO. Thank goodness we saved a little bit.

What about the families now across this country who are looking at their natural gas bills—the natural gas that heats their home? They are in shock at seeing a twofold increase, a threefold increase. Those families are going to have to save from somewhere to pay those bills. We have a 10-year boondoggle tax cut that leaves nothing for emergencies, that counts on forecasts that are going to be as crazy as the weather forecasts.

I am hopeful that we can get some bipartisanship here. I find it amazing that only a couple of my Republican friends have said this tax cut is too big. I am happy they have. But where is the chorus from people on that side who say they are conservative? How can a true conservative go back to deficits as far as the eye can see? How can a true conservative go back to debt as far as the eye can see, to force our children to inherit a debt and have to pay a billion dollars a day or more to finance that debt? That is not conservative.

Let's go back to the drawing boards, I say to the President. Let's come up with a compassionate and a conservative budget, one that rests on a few foundations that I will talk about.

I ask unanimous consent to proceed for 10 more minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. BOXER. When we talk about our budget and the tax cuts that are part of it, we should have a foundation to that budget, a foundation to that tax cut. I think it should show three pillars. One is fairness. Let us be fair to the people. Let's make sure that as we look at the size of the tax cuts, where they go, what we spend, what we invest in, that we are fair.

The greatest thing we have in our country is a very strong middle class. If we lose that middle class, we will be weak. Yet if we look at some of the numbers, it appears that the gap between the rich and poor is in fact growing. That is not healthy for anyone. That is not good for a society, if it gets too big. What we find out is we have people who have lost hope, who may turn to drugs, alcohol. We know what

happens when things turn bad and they are not as productive as they can be. They are not living up to their potential because maybe they cannot even afford college tuition. Fairness has to be what we are about.

Values: What do we value in this country? Do we not value a balanced approach, fairness to our people and investing in our people, making sure that our children are healthy; that they have a good, free, public education system that is strong; that we create jobs; that we have job training; that we don't turn our backs on our senior citizens; that we have safe streets? That is a value.

Right now we have senior citizens who are under a lot of stress. Not only do they have to meet their bills for their prescription drugs—and the good news here is, there are so many good prescription drugs today that keep people moving and feeling good, but they are expensive. We need a prescription drug benefit. That should be one of our values. Strengthening Social Security should be one of our values.

So it is fairness, as we look at a tax cut and spending. It is values, about our families and what they need and how we can help them and make life better for them. It is responsibility to the next generation of youngsters.

Yes, we can have a tax cut. It could be a large tax cut. It will fit into the budget. It will be fair. It will have values. It will be responsible. And we could be proud that we are keeping this country on the right track and not turning off on some detour that says: Deficits again, debt again, no money for our seniors, no more safe streets. That is not the right path to take.

A lot of people have said to the Democrats: Show us your plan. What is your plan? We are going to have a plan. It is going to be a good plan. It is going to be based on these values: Fairness, a sense of values, and responsibility—three pillars. It is going to be specific as soon as we see President Bush's budget numbers so we know what he is cutting to pay for this tax cut. We have to take a look at that. And we will respond.

I am reaching my hand across to the other side of the aisle at this point. I say to my colleagues, I heard you so many times on this floor: We need a balanced budget amendment to the Constitution. We need to pay down the debt. These deficits are killing us.

We know, if we take a look at this projected surplus and we are conservative about it, we will do just fine. If we look at our values as a society and we are compassionate, we will be just fine.

I will close with a quote from Alan Greenspan who testified today. He said:

Given the euphoria surrounding the surpluses, it is not difficult to imagine the hard-earned fiscal restraint developed in recent years rapidly dissipating. We need to resist

those policies that could readily resurrect the deficits of the past and the fiscal imbalances that followed in their wake.

So today I have quoted two Republicans I admire—Alan Greenspan, telling us to watch out, then be conservative on this tax cut; and Kevin Phillips, who is warning us the Bush tax plan could lead to a country that isn't one we will be that proud of because it will transfer so much of what we have to the very top of the income scale, forgetting about the great middle class.

So I am very hopeful we can come together as the Senate, as compassionate people, as fiscally responsible people, and that we can fashion a budget that includes a tax cut we can afford, that includes spending priorities our families need, that thinks about our kids, that takes the burden of debt off their shoulders. I think if we can do that, we can add a tremendous amount to this debate.

I think President Bush has said he is interested in working with the Senate. I think he has reached out to us and said let's work together. Well, I am ready to do that. I tell him, if he would come up with a budget that is compassionate and conservative, I will be there right at his side. If he does not, I will work to make it so.

I yield the floor. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DURBIN. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Illinois is recognized.

Mr. DURBIN. Mr. President, could you tell me, is there a unanimous consent pending concerning speaking order?

The PRESIDING OFFICER. There is not.

Mr. DURBIN. Mr. President, I ask unanimous consent to be recognized in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### THE PRESIDENT'S PROPOSED TAX CUT

Mr. DURBIN. Mr. President, thank you for this opportunity to address the issue of the moment, which is the tax cut. It is an issue many of us have followed closely for a long period of time. Some of us who have served here for a period can recall it wasn't that long ago we were dealing with a terrible deficit on an annual basis that started accumulating a national debt in record numbers. What was the beginning of this national debt? Well, you have to go back to, I guess, President George Washington when we started spending

more than we had. Over the years, the debt accumulated.

In the early 1980s, the national debt in America started skyrocketing. We started adding more deficits each year than at any time in our history. In a short period of time—10 or 12 years—we ended up finding the national debt of this country at the highest levels in our history. It caused great alarm, as it should have, not only in Congress, but across the Nation, and a concern among people as to whether or not this would have a negative impact on our economy. Of course, if the Government spends more money than it brings in, it has to borrow the money to spend and then pay interest on the money borrowed. We found ourselves, each year, paying more and more interest on this old debt.

The mortgage on America was getting larger and larger and larger. Today, it is at \$5.7 trillion. That is a frightening number which, when I came to Congress 20 years ago, would have been unthinkable. Yet it has happened in that period of time. But the good news to be delivered is that we have finally turned the corner. For the first time over the last several years, we have been generating annual surpluses. Our economy is strong. More people are working and they are building homes and buying cars and buying appliances. Businesses are more profitable. Individuals have done well with investments, and America is a more prosperous Nation. For the last 9 years, we have seen unparalleled economic prosperity. But we have to recall, as we sit here in the year 2001, that this is a recent turn of events. Only a few years ago, 4 years ago, my Republican colleagues came to the floor asking to amend the Constitution of the United States with a balanced budget amendment because they thought it was impossible for Congress to get the deficits under control.

Well, the economy was helped. Congress did the right thing and the economy has moved forward to the betterment of millions of American families.

In this time of prosperity and peace comes a new President, George W. Bush, who suggests we should take the surpluses we anticipate, not this year but for the next 10 years, and spend them. On what would he spend them? Tax cuts—tax cuts in a plan that he has proposed in this campaign and has since proposed after the inauguration which would reduce the tax burden of many Americans—not all, but many Americans.

You will have to excuse me if I suggest that the President needs to reflect that it wasn't that long ago when his father was President that things were a lot different in America, when we were really struggling with an economy that was building up annual deficits and adding to the national debt. It hasn't been that long ago. In fact, go back